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## REGIONAL POLITICS IN POST-SOCIALIST STATES. BASED ON THE ANALYSIS OF GEORGIA

*Since the fall of the Soviet Union, the post-Soviet countries have been undergoing general transformation processes. A change in state regime meant a complete reorganisation of political system. Main obstacles for the development processes and structural changes were legislative chaos, rise of nationalism, growing sense of separateness of regional communities, and a tense internal situation, often resulting in armed conflicts. Departure from centrally controlled economy, decentralisation of power and the subsequent reduction of the state care level has made the authorities (wanting to ensure sustainable development for all self-government units), start a development process of new regional policy framework.*

*The aim of this article is characterisation of the regional policy of post-Soviet states on the example of Georgia. Due to the specific nature of the historic conditions associated with the 70-year affiliation of the analysed country to the USSR, the author first refers to past regional policy framework, introduced by the Soviet authorities (e.g. economic territorial divisions or regional specialism) as the starting point and the determinant of the present regional disparities.*

*The author then presents the characteristics of the present Georgian regional policy, in institutional and legal terms, by describing and evaluating its shaping process and the main documents defining key objectives (strategies, plans, projects, laws, et c.). Due to a strong difference in development between the post-Soviet states, caused by a different internal situation, international position (geopolitical position), economic potential and a degree of advancement in transformation processes, the analysis has been enriched by a comparison of regional policies of two former East bloc states, Poland and Georgia.*

**Keywords:** regional politics; region, Georgia; Poland; Post-communist, European Union

### Introduction

The socio-economic processes, characteristic for former East bloc countries after the collapse of the USSR, are referred to as general transformation processes. The term is used to depict the broad spectrum of changes in systemic, economic and social areas.

The abolition of party patronage resulted in the development of new ways of international and domestic functioning of the post-soviet states. The comprehensive restructuring process associated with systemic transformation in these countries, included changes in their regional structures [1]. On one side, there was a significant reduction in the role of central authority (reduced level of state care) in favour of decentralisation, resulting in emergence of self-governments with new and greater competences. On the other side, the change meant a significant raise in the level of local financial independence, which only deepened existing regional disparities. Bagdziński and Maik (1995) consider unemployment and spatial and functional conflicts the three main problems arising from decentralisation of power in transitional countries. It is important to note that the collapse of the USSR, especially in the Caucasus region, resulted in the revival of sense of distinctiveness and separatism among regional communities. The dissolution of the Soviet Union, where ethnic and cultural differences were being deliberately obliterated, led to a revival of nationalism and separatist tendencies, deepening an already difficult situation of the former states. The decentralisation process called for the development of a new regional policy framework [2,3,1,4].

Regional politics in the post-soviet countries can be seen as a reaction to existing disparities on the socio-economic level of regional development. Its goal is to ensure a decrease in the divisions that differentiate between the problematic, poorer regional units and the richer islands of prosperity. It is therefore important

to conduct an in-depth analysis of the regional policy framework as it seems to be one of the key elements shaping the development processes of the regions [5].

The aim of this article is to introduce the regional policy system of Georgia by means of analysis of its institutional and legal framework. Considering the specific nature of historical determinants, the author has chosen the regional policy of the USSR as her starting point. This is due to the fact that it has been highly influential as far as the specialisms of the regions and their socio-economic level at the time of regaining independence are concerned.

The research has been supplemented by a comparative analysis of regional politics of Georgia and Poland. Even though both countries were parts of the East bloc, their development paths (since the 1990s) are very different. The difference can be attributed mainly to the countries' geopolitical location, economic potential, dynamics and nature of development changes, and internal stability. Another significant factor is Poland's membership of the European Union.

### **Regional Politics in the Soviet Union**

Already under the Soviet regime, regional politics was associated with development through implementation of relevant programs and several years plans. The first comprehensive plan for economic development was the State Commission for Electrification of Russia (GOELRO)<sup>1</sup>, which was meant as a demonstration of the government's strategic approach to regional policy. In addition to its main objective of improving general access to electricity (especially in the European part of Russia), it has divided the country's territory into economic zones, districts and regions. The main assumption of this division, was to determine new regions for which it was possible to specify common development objectives (mainly in the areas of industry, agriculture and transport). One of the major units resulting from the above division was the region of Caucasus<sup>2</sup> with a territory of the present-day Georgia [6].

According to Winiarski (1976), the main concepts of regional politics in the USSR were:

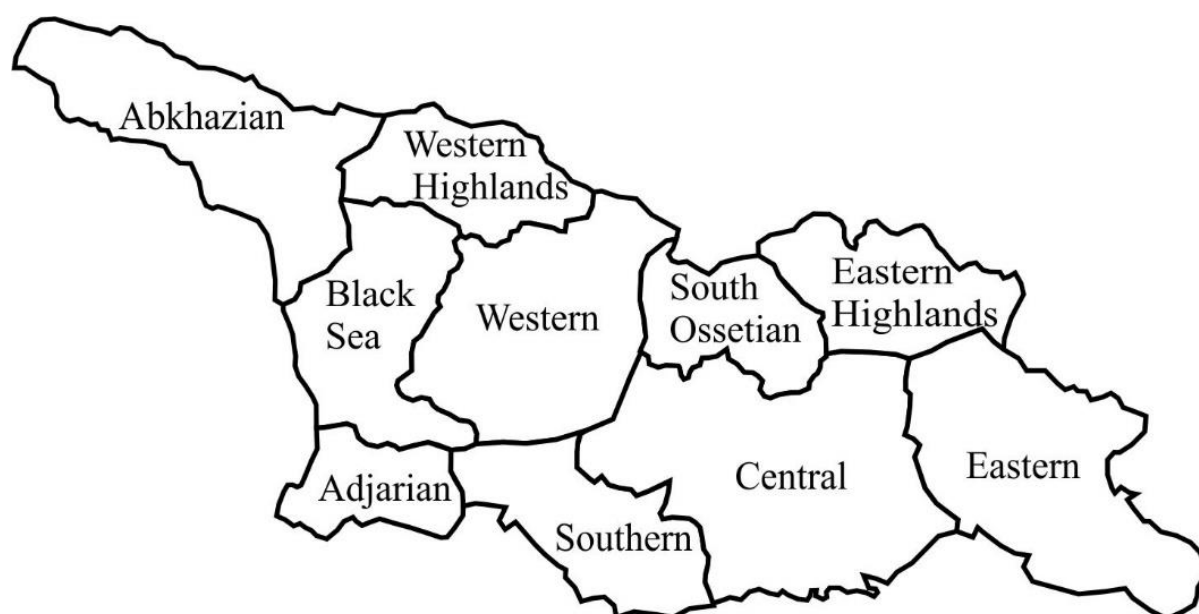
- Activation of poorly developed areas east of Ural;
- Support for the economic development of Asian republics;
- Economic integration of the republics and their regions.

In addition to the division into large economic regions, lower-level units within the individual republics were established. In Moscow publication, *Gruzinskaâ SSR : èkonomiko-geografičeskaâ harakteristika* (1958), next to administrative regional division of the Georgian SSR, the authors describe ten additional geo-economic units; Central (Tbilisi), Eastern (Kakhetian), Southern, Eastern Highlands, Black Sea, Western, Western Highlands, Abkhazian, Adjarian and South Ossetian. This division system was changed ten years later, though [7].

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<sup>1</sup> The plan is regarded as a basis for economic potential of the USSR. Its implementation positioned USSR on a second place in the world ranking for electricity production in 1947. And that despite the country's difficult situation caused by the Second World War [9].

<sup>2</sup> Apart from the Caucasus region, Winiarski [6] also describes following regions: Central, Northern, Southern, Volga, Ural, West-Siberian and Turkmen.



**Fig 1.** Geo-economic regions of Georgian SSR in 1958.

Source: own elaboration based on Džavahišvili (1958)

In 1972, in another publication, only eight geo-economic regions were mentioned. Next to the previously mentioned Autonomous Units (Abkhazian ASRR, Adrasan ASRR and South Ossetian Autonomous Oblast), the authors identified five new regions within the territory of the Georgian SSR: Middle-Eastern, Eastern, Southern, Middle-Western and Western [8].

This division was associated with the industry specialism of individual regions. For example, the Middle-Eastern region was a home of steel industry (Tbilisi-Rustavi Industrial District), Abkhazia specialised in brown coal mining and the Eastern region (Kakheti and Tusheti) was strictly an agricultural one. Changes in the territorial-economic divisions were related to ongoing economic transformation, development of new industrial centres and cities as well as to the speciality boost within the existing units.

Interestingly, the seemingly artificial economic division of the Georgian SSR had in fact, taken into account ethnic and cultural divisions of the country<sup>3</sup>. Considering the nature of socio-economic transformations (economy industrialisation, agricultural collectivisation, regional specialism), it seems that the Soviet classification of units (based on historical socio-economic territorial divisions) and related activities, have only strengthened the already existing diversity among the Georgian regions.

More than 70 years of constant development and implementation of new regional policies, have undoubtedly influenced the current state of the regions (specialism and socio-economic level) and, which follows, the objectives of today's regional politics aimed at reducing (mostly historically determined) disparities.

### **Regional Politics of Georgia**

Present research describes two basic models of regional policy implementation. The first one, called interregional policy, refers to the actions taken by the state authorities concerning local governments. The second model, referred to as intraregional policy, is related to the activity of local governments that is

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<sup>3</sup> More about historic territorial and cultural divisions of Georgian territory in [8,10,11].

focused on regional development. Basing on this distinction, the first part of the following analysis, focuses on the legal basis for implementation of intraregional policy making regulating the level of regional empowerment and possibility of self-determination. [5; 3].

As part of systemic transformation, Georgia carried out a number of structural reforms concerning among others, decentralisation of power. A decisive event that sped up a legislative process related to the functioning of local governments was Mikhael Saakashvili's victory in the 2004 election. In 2004, the government ratified the European Charter of Local Self-Government. In 2005, the parliament passed the Organic Law of Georgia on Local Self-Government, and in 2006 the Law on the Budgets of Local Self-Government Unit [10].

Despite a widespread recognition of the Territorial Self-Government Act as a positive step towards decentralisation of power, some remained sceptic criticising its high level of consolidation (a significant reduction in the number of the lowest level units), strong financial dependence on the central authority, and relatively low level of political autonomy.

In February 2014, shortly after the Georgian Dream party (previously an opposition party) had won the presidential and local elections, a new law, Local Self-Government Code (Organic Law of Georgia) was introduced. Unfortunately, the reform did not yield the required results. The framework of fiscal decentralisation still remains incomplete and its implementation has been neglected. Additionally, the level of social participation is low and the central government imposes too many requirements on local governments (e.g. number of officials). One can therefore assume that the process of Georgia's systemic transformation in the area of decentralisation is still ongoing and that the legislative framework needs modification (12, 13, 14, 15, 10).

An institutional framework is one of the most important elements for developing and executing a regional policy. In 2009, the government established the Ministry of Regional Development and Infrastructure of Georgia, as executive authority and a higher level agency in the following areas:

- 1) generation of objectives and coordination of development policy, including the regional system development and management;
- 2) development and implementation of a uniform system concerning state policy on infrastructure development;
- 3) ensuring a general access to drinking water, including implementation of water supply systems;
- 4) distribution and management of waste disposals facilities [16].

The authorities have introduced a number of new strategies, plans and projects to ensure sustainable development of state and territorial self-government units.

The planning process for the regional development began with an introduction of the State Strategy for Regional Development 2010-2017. In this document, the ministry has presented the results of a detailed analysis of existing problems at local and regional level. Once approved, the government developed and adopted the 2011-2014 Action Plan with an objective to create a suitable development strategy for each region by 2013 [17].

Presently, the main strategic document defining the regional policy framework is 'The Regional Development Program of Georgia for 2015-2017'. Its main objectives are set out in relation to 'Georgia 2020' nationwide strategy plan. The program contains specific objectives (operational priorities) for all entities. At the lower level of the national policy planning are the regional strategies for the years 2014-2021, developed individually for each regional unit (*geo.mkhare*) [16].

It is worth noting that, apart from the three documents: national strategy, self-governments programmes and individual strategies for each region, the authorities have failed to adopt any other law regarding regional policy making. The only act (statute), indirectly referring to regional development and regional policy is the so-called Mountain Law. It can be seen as a sort of response to the needs of the inhabitants of one of the most problematic parts of the Georgian state, the high mountainous area.

### A Comparison of regional politics of Poland and Georgia

When analysing the legislative framework and functioning of Georgia's regional politics, it is necessary to take into account the development path and advancement level of transformation processes. Particularly the ones concerning competences, fiscal decentralisation and regional policy planning. To clearly present the characteristics of the Georgian political system, the author has chosen to compare it to the Polish one. Both countries were members of the Eastern Bloc with Georgia, a former Soviet republic, being influenced by Soviet policy planning to a greater extent than Poland, a former USSR satellite state with greater possibilities of self-determination. Both countries regained their independence in the 1990s, but the pace of their socio-economic transformation is very different. This is mainly due to the specificity of the factors driving the process. In Georgia, the main deterrents are separatist tendencies, armed conflicts and political instability. These elements are seen as main reasons for development disparities between the two countries. These differences are confirmed by rankings related to economic growth, quality of life or advancement of transformation processes. For example, in 2015 Poland was ranked 36th in the Human Development Index, while Georgia was 70<sup>th</sup> [18].<sup>4</sup>

In 2016, the Transformation Index (BTI) for Poland was 9.23 (5<sup>th</sup> place in the overall ranking) and the country's political system was characterised as democracy in consolidation, economically developed and highly advanced in transformational processes (BTI, 2016). For Georgia the index was 6.31 (45<sup>th</sup> place). On the basis of the main indicator and its components, transformational processes were described as limited and Georgia's political system was categorised as one of defective democracy. It was further emphasised that economic transformation has significant functional flaws that still need to be addressed [19].<sup>5</sup>

Considering regional policy framework of both countries, it should be noted that, unlike Poland, Georgia has still to introduce a law on the conduct of regional development policy<sup>6</sup>. It is also important to mention the factors determining and influencing the functioning of the regional policy system are level and scope of power decentralisation.

In the case of Georgia, the above process (also regarding the development of relevant legislation) is still ongoing. In contrast, Polish legislation clearly specifies not only the competences of regional governments but also provides funding regulations for regional plans and programmes.

Another factor adding to the already significant difference between the two countries is Poland's membership of the European Union. The negotiation process has, to some extent, forced the authorities to re-evaluate existing regional policy framework and adapt it to Western standards (as evidenced by the legal acts adopted during the transitional period, eg the 2000 Regional Development Assistance Act). One of the benefits of Poland's membership of UE is the financial support for the country's development from the pre-accession programs (since 2000), the Structural and the Cohesion Funds [5].

Georgia has been given a partnership status and became a potential candidate for EU membership in 2010. The socio-economic transformation process necessary for the achievement of the EU required standards, is much less advanced than in the case of Poland (EU member since 2004). A facilitating factor in the development process is, undoubtedly, Georgia's membership of the Eastern Partnership; more than 100 million euros are transferred each year to Georgia for projects concerning (among others) management, education and security. Poland has been actively supporting the development of Georgia, as can be witnessed by numerous projects such as *'Strengthening the efficiency of Georgia's public administration in the field of regional and European policy'*. Since 2004, the country has been recognised by the Polish authorities as one of the priority beneficiaries of developmental assistance for regional and local administration [20].

<sup>4</sup> <http://hdr.undp.org/en/content/human-development-index-hdi>

<sup>5</sup> <https://www.bti-project.org/en/index/status-index/>

<sup>6</sup> Poland adopted a regional policy law in December 2006.

## **Conclusion**

Since regaining its independence, Georgia has been undergoing systemic transformation, which includes decentralisation of power. New allocation of competences and the financial independence of territorial units created the need for a new regional policy framework. It is worth noting that (like in most post-Soviet states) the system used in the times of USSR was an important shaping factor and its influence is still visible in the specialisms and the socio-economic level of the regions today. Acknowledging the separatist tendencies of some regions (assigning autonomous status to selected units), development of economic regions and their specialisations, as well as numerous actions undertaken by the Soviet authorities to establish and strengthen the (previously described) territorial and administrative division, have only strengthened the strong diversity among the individual regional units.

The departure from the centrally controlled economy and the regaining of independence resulted in a new, more independent way of regional functioning, which, in accordance with the principle of capitalism, began to compete with each other.

It is worth noting that the current objectives of Georgian regional policy are being largely determined by deepening socio-economic disparities between the regional units, a problem which is, to a large extent, historically determined.

The analysis of Georgia's regional policy system shows that since the 1990s, the country has been gradually changing and is now getting closer to western management standards. The positive developments that confirm this trend are among others, the ratification of the European Charter of Local Self-Government, establishment of basic institutional system (e.g. the Ministry of Regional Development and Infrastructure of Georgia), and the introduction of multiple strategies, plans and projects aimed at ensuring sustainable development and minimising the disparities between regions. Apart from listing the positive aspects of the transformation of the regional policy system, the author also describes the biggest obstacles to its further development. First, despite the introduction of the Local Government Act and its subsequent changes, the issue of decentralisation of power remains unresolved, the aspect of fiscal decentralisation in particular. Secondly, the country has still not introduced a legal act (law), defining the principles of regional policy. It can therefore be concluded that the current system requires further changes, especially in the areas of competence allocation, and financing

The study has been supplemented by a comparative analysis of regional policies of Poland and Georgia.

Although it would seem that common historical determinants (belonging to the so-called Eastern Bloc) should make the present political, social and economic situation of both countries similar, the indicators for level of advancement of political and economic transformation processes as well as for quality of life indicate that the two countries differ significantly. The analysis has shown that the dissimilarities can also be seen regarding the issue of decentralisation of power, regional policy, and related legislative regulations.

Before joining the European Union, as per the pre-accession requirements, Poland has completely transformed its national and regional political system. Georgia, currently a candidate for membership of the European Union, is still undergoing transformation and the degree of modification of its regional policy system and adapting it to Western standards is much lower than in the case of Poland (as evidenced by the absence of a governing law defining the principles of regional policy making, or by the ambiguity and lack of transparency of legal acts concerning the activities of local self-governments).

Importantly, as far as direction of regional development and future regional policy are concerned, Georgia is a member of the Eastern Partnership. One of the countries actively supporting Georgia's development is Poland, one of the most modern of the former Eastern Bloc members. The country is supporting and even accelerating the positive internal changes in Georgia by offering advice and sharing its successful transformation experience.

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